



Introducing...
Nebraska Book Company's Knowledge is Power
Educational Series

Focusing On Your Bookstore

Today's Presenters

- . Kevin Gish, Nebraska Book Company
- . John Geraci, Crux Research

INVIGORATE YOUR BOOKSTORE.



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THE BOOKSTORE

Selling Textbooks Has Changed A Lot Since the First Bookstore.

We know, we were there.

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BUILDING BETTER BOOKSTORES

Threats – There Are Only Two

- . The Internet
- . Used Textbook Supply

FACT

45% of Students Have Recorded the ISBN Number of a Textbook so They Can Go to Other Stores or Shop Online for a Better Price

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Our Research With Harris Interactive

Targeting opinions & perceptions of...

College Students, Faculty, and Bookstore Managers

Trends

- . Enrollments – All-Time High
- . New Generation Entering College
- . 5 Publishers Own 80% of Market
- . Tuition and Textbook Costs Rising
- . Internet is Changing College

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INSIGHT

College Textbooks Remain Central to the Higher Education Experience

- . 94% of College Professors Require a Textbook
- . 81% of Professors Consider a Textbook to be a Very Important or Extremely Important Contributor to the Overall Course Experience

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INSIGHT

Bookstore Managers Should Focus on Professors as Key Decision Makers

- . 87% of Students Say They will Comply with Textbook Recommendations from Professors

But...

- . 86% of Professors Do Not Understand the Importance of Turning in Book Orders Early to the Bookstore

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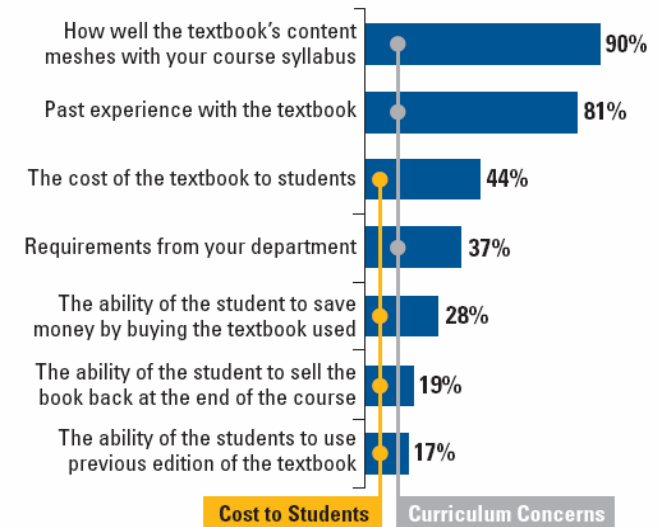
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INSIGHT

Costs are a Secondary Concern to Professors When Selecting Course Materials

How important are each of the following when you considered whether or not to require a specific textbook for your course(s)? (% Extremely Important)



SOURCE: Harris Interactive study of US college faculty (n=400), April 2005

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INSIGHT

Textbooks and Class Materials Dominate the College Bookstore Business

- . 42% of Total Sales – New Textbooks
- . 26% of Total Sales – Used Textbooks

Business is Brisk...

- . 50% of College Bookstores Reporting Growth

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INSIGHT

Today's College Students are Savvy Shoppers
Not Afraid to go Online to Purchase Books

High Level of Internet Shopping is Based
on the Perception of Large Cost Savings

Demand Drives Online Discounts

Low Student Demand

44%

27%

27%

22%

16%

17%

12%

9%

1%

Top 50 Titles

High Student Demand

Average Percent Online Discount Off Retail Price

SOURCE: Nebraska Book Company
Independent Study; August 2005

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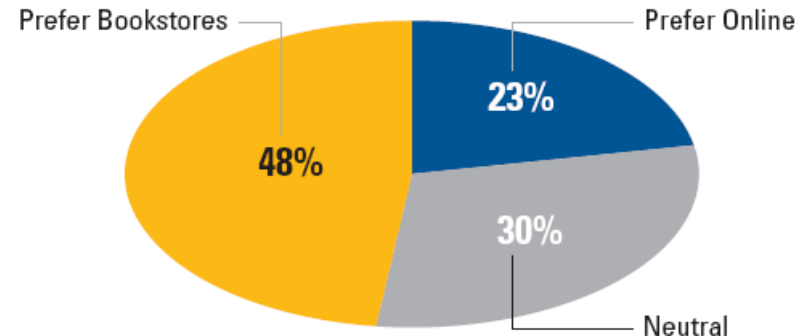
INSIGHT

Students Prefer Shopping in Bookstores to Shopping Online

Not Surprisingly ...

Price is the Reason Students are Looking Online

Do you prefer to buy textbooks *in bookstores* or *online*?



SOURCE: Harris Interactive study of US college students (n=823), April 2005

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INSIGHT

Textbook Costs for Students are Lower than Commonly Perceived

- . GAO – Annual Expense: \$898
- . US Dept. of Education – Annual Expense: \$850
- . According to Students – Annual Expense: \$534

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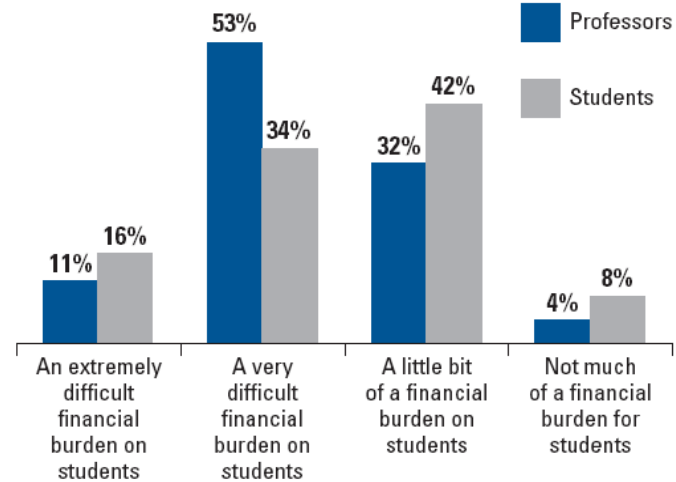
INSIGHT

Textbook Costs are a Substantial Financial Burden for Students

Lessening the Burden...

80% of Students Report Buying Used Textbooks Whenever Possible

How much of a burden does the cost of textbooks and materials cause?



SOURCE: Harris Interactive study of US college students (n=823), April 2005
Harris Interactive study of US college faculty (n=400), April 2005

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INSIGHT

High Textbook Costs are Driven By Many Factors

Student Perspective

- . 77% of Students Say Publishers Want to Make More Money
- . 64% of Students Say Bookstores Want to Make More Money

Faculty Perspective

- . 79% of Professors Attribute Increased Production Costs
- . 70% Site Publishers' Needs to Incorporate New Technology

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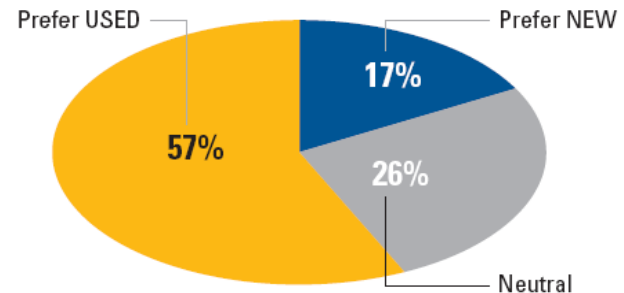
INSIGHT

Demand for Used Textbooks is Far Greater Than the Supply

This Year, the Average Student Purchased...

- 3.4 New Textbooks
- 3.7 Used Textbooks

Do you prefer to buy textbooks *used* or *new*?



SOURCE: Harris Interactive study of US college students (n=823), April 2005

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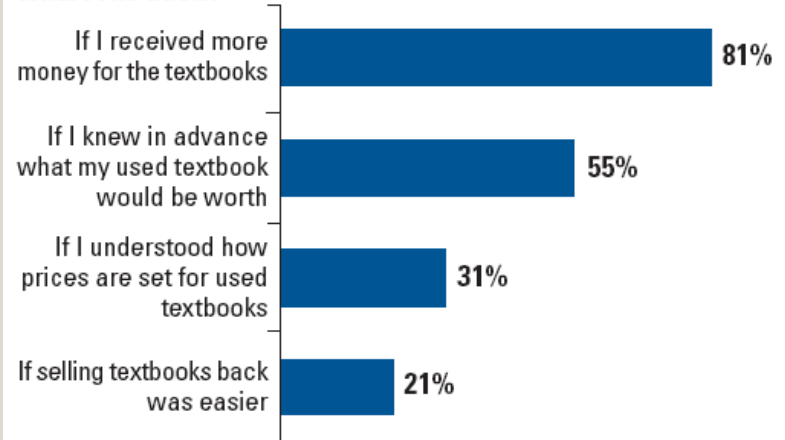
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Students are Not Fully Satisfied with Their Experiences When Selling Textbooks Back

Students Expect to Sell Back About Half of Their Textbooks

81% Would Sell Back More Textbooks if They Got More Money for Them

Which would make you want to sell more of your textbooks back?



SOURCE: Harris Interactive study of US college students (n=823), April 2005.

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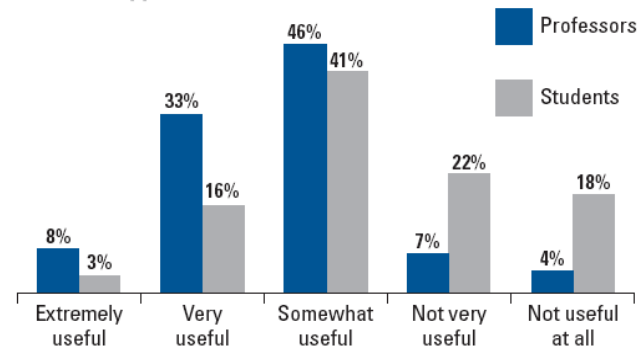
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INSIGHT

Bundling of Course Materials Frustrates Students and Professors

Twice as Many Students Find Bundled Materials Not Useful

In general, how useful are other materials that come shrink-wrapped with textbooks?



SOURCE: Harris Interactive study of US college students (n=823), April 2005
Harris Interactive study of US college faculty (n=400), April 2005

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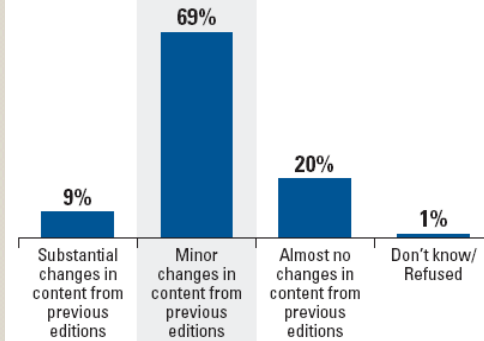
INSIGHT

Frequency of New Editions is Seen as Causing Prices to Rise

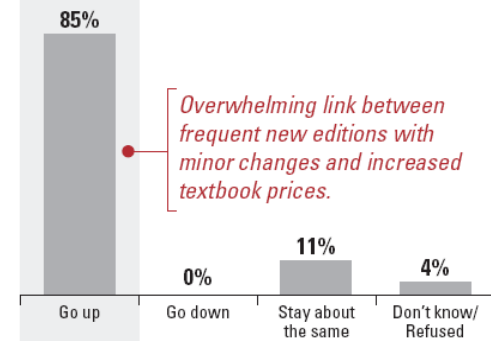
- 89% of Professors Say New Editions Only Contain Minor Changes
- 90% of Professors Believe New Editions Cost too Much

Frequent New Editions Cause Increased Textbook Prices

Do new textbook editions tend to contain...?



When a new textbook edition comes out, does this cause textbook prices to students to...?



SOURCE: Harris Interactive study of US College faculty (n=400), April 2005

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INSIGHT

The Textbook Market will Continue to be Strong
But the Nature of the Textbook will Evolve

Student

- Increasing Role of Internet
- 52% Say Textbooks will Stay About the Same Level of Importance
- More Likely to Seek Used Textbooks

Professor

- Increasing Role of Internet
- 84% Say Textbooks will Stay About the Same Level of Importance
- Bookstores will Shift More Toward Merchandise Sales

Bookstore Manager

- Increasing Role of Internet
- Students will more actively look for used textbooks
- Material will become more customized to the institution

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College Bookstores Can Thrive in a World of Increasing Online Competition

Be Book Smart...

7 Critical Factors for
Bookstore Success

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BUILDING BETTER BOOKSTORES

#1 – Take a Proactive Position in the Industry

- . Your future rests in your hands
- . Make your vote count and change the future course of the industry

#2 – Give Students a Choice

- . New, Used or e-Book

#3 – Build Your Competitive Knowledge

- . Know your marketplace

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#4 – Build on In-Store Competitive Advantages

- . Social environment
- . Ability to flip through textbooks
- . Easy returns

#5 – Create a Highly Useable, Well- Managed Website

- . Develop a comprehensive Internet strategy but... one that is separate from your brick and mortar store strategy

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#6 – Alert Faculty on the Importance of Early Adoptions

- . Faculty plays a crucial role in keeping down student costs
- . Primary target audience

#7 – Keep Costs in Check with a Tightly Managed Bookstore

- . Bookstores that are Tightly Managed Mean – better cost control, enhanced customer service, and improved employee morale

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College Bookstores Can Thrive in a World of Increasing Online Competition

7 Critical Success Factors

#1 – Take a Proactive Position in the Industry

#2 – Give Students a Choice

#3 – Build Your Competitive Knowledge

#4 – Build on In-Store Competitive Advantages

#5 – Create a Highly Useable, Well-Managed Website

#6 – Alert Faculty on the Importance of Early Adoptions

#7 – Keep Costs in Check with a Tightly Managed Bookstore

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College Bookstores Can Thrive in a World
of Increasing Online Competition But,
Your Future Rests In Your Hands

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Knowledge is Power section on nebook.com.*

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